

## Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03  
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03  
SP-02 LAB-04 SIL-01 OMB-01 L-03 H-01 NSC-05  
SS-15 STR-07 CEA-01 PA-01 OES-07 DOE-15 SOE-02  
INT-05 NEA-11 /136 W  
-----057439 100800Z /17

R 100604Z MAY 78  
FM AMEMBASSY JAKARTA  
TO SECSTATE WASHDC 8642  
INFO AMEMBASSY BANGKOK  
AMEMBASSY KUALA LUMPUR  
AMEMBASSY MANILA  
AMEMBASSY SINGAPORE  
AMEMBASSY TOKYO

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E.O. 11652: N/A  
TAGS: ETRD, EINV, ID, JA  
SUBJECT: VISIT OF MITI MINISTER KOMOTO

BEGIN UNCLASSIFIED:

1. SUMMARY: JAPANESE COMMITMENTS TO SEE THE ASAHAN PROJECT THROUGH TO COMPLETION, NOT TO REDUCE OIL PURCHASES FROM INDONESIA AND, PROBABLY, TO ASSIST IN THE CAPACITY DOUBLING OF THE BONTANG LNG PLANT WERE HIGHLIGHTS OF KOMOTO'S THREE-DAY VISIT.

2. MITI MINISTER KOMOTO WAS IN JAKARTA FROM APRIL 30-MAY 2, DURING WHICH TIME HE MET WITH PRESIDENT SUHARTO AND LATER WITH A GOI TEAM COMPOSED OF MINISTER OF STATE FOR ECONOMY, FINANCE AND INDUSTRY WIDJOJO; MINISTER OF TRADE PRAWIRO; MINISTER OF INDUSTRY SUHUD; MINISTER OF MINES AND ENERGY  
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SUBROTO; CENTRAL BANK GOVERNOR SALEH; AND PERTAMINA PRESIDENT HARYONO. IN A PRESS CONFERENCE PRIOR TO HIS DEPARTURE KOMOTO INDICATED THAT JAPANESE GOVERNMENT AND PRIVATE SECTOR ASSISTANCE FOR THE DOUBLING OF THE EAST KALIMANTAN LNG PLANT WOULD BE FORTHCOMING. HE ALSO SAID TALKS WOULD BE SCHEDULED SOON TO DISCUSS THE COST OVERRUN PROBLEMS BESETTING THE ASAHAN HYDROPOWER AND ALUMINUM

SCHEME. HE ADDED THAT DESPITE SORAING COSTS THE TWO GOVERNMENTS WERE DETERMINED TO SEE THE PROJECT THROUGH AS PLANNED.

3. THERE WAS NO MENTION AT THE PRESS CONFERENCE OF JAPANESE PURCHASES OF CRUDE OIL, BUT A SUBSEQUENT GOI STATEMENT HAILED THE JAPANESE DESIGN NOT TO REDUCE OIL PURCHASES FROM INDONESIA. ANOTHER ENERGY-RELATED TOPIC OF DISCUSSION WAS THE INDONESIAN-PROPOSED CENTRAL TERMINAL STATION (CTS) FOR OIL STORAGE IN THE LOMBOK STRAITS ON WHICH KOMOTO REQUESTED "FURTHER INFORMATION". END UNCLASSIFIED

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4. JAPANESE EMBOFF CONFIRMED THAT PRESS REPORTS OF MINISTER'S COMMENTS WERE BASICALLY ACCURATE. HOWEVER, HE EMPHASIZED THAT WHILE KOMOTO HAD INDEED PLEDGED NOT TO CUT OIL IMPORTS FROM INDONESIA, IT SHOULD BE UNDERSTOOD, AND IS BY THE GOI, THAT THIS DOES NOT CONSTITUTE A LONG-TERM GUARANTEE. GOJ FEELS SAFE IN PLEDGING NO CUTS IN INDONESIAN CRUDE IMPORTS NOW DESPITE RECENTLY-SIGNED LONG TERM SUPPLY ARRANGEMENT WITH PRC BECAUSE OF ITS PLANS TO LESSEN DEPENDENCE ON MIDDLE EAST OIL AND TO INCREASE STOCKPILE. ON LNG, EMBOFF SAID THE JAPANESE COMPANIES PARTICIPATING IN THE PURCHASING CONSORTIUM WOULD SOON SEND TECHNICAL EXPERTS TO EVALUATE THE SIZE OF LIMITED OFFICIAL USE

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RESERVES IN THE BONTANG AREA. ASSUMING THE COMPANIES ARE SATISFIED THAT RESERVES ARE ADEQUATE, WHICH EMBOFF SAID SEEMED LIKELY, THE COMPANIES WILL PROCEED AND THE GOJ WILL "DO WHAT IT CAN" TO ASSIST. ON THE ASAHAN PROJECT, EMBOFF ADMITTED THAT GOJ HAD LITTLE CHOICE BUT TO SEE THE PROJECT THROUGH AT WHATEVER COST, BUT SAID SIGNIFICANCE OF THE JAPANESE PLEDGE TO DO JUST THAT WAS THAT THIS WAS THE FIRST TIME THE PLEDGE HAD BEEN MADE PUBLICLY.

5. ALTHOUGH HE PUBLICLY DENIED IT IN SINGAPORE (SINGAPORE 2013) KOMOTO DID DISCUSS WITH THE GOI THE POSSIBILITY OF GOU PARTICIPATION IN THE INDONESIAN PETROCHEMICAL PROJECT. KOMOTO DID NOT EXCLUDE ENTIRELY THE POSSIBILITY OF JAPANESE ASSISTANCE, BUT HIS REQUEST FOR "FURTHER STUDY" WAS INTENDED TO SIGNAL THAT JAPAN HAS NO INTENTION OF BECOMING INVOLVED IN THE PROJECT AT THIS TIME. HIS RESPONSE ON THE CTS PROPOSAL WAS SIMILARLY NEGATIVE.

6. ALTHOUGH KOMOTO REPORTEDLY SAID IN SINGAPORE THAT CONSTRUCTION WILL BEGIN SOON ON THE JAPANESE-FINANCED INDONESIAN ASEAN UREA PROJECT, EMBOFF WAS LESS FORTH-

COMING. WHILE NOT IMPLYING THAT THERE WERE ANY PROBLEMS  
EMBOFF NEVERTHELESS SAID THE PROPOSAL WAS STILL UNDER  
STUDY AND THAT A DECISION HAD NOT YET BEEN MADE.  
(EMBASSY COMMENT: SUBJECT WAS NOT DISCUSSED PUBLICLY IN  
JAKARTA AND SINCE EMBOFF WAS UNAWARE OF KOMOTO'S REMARKS  
IN SINGAPORE, HE PROBABLY WAS SIMPLY BEING OVERLY  
CAUTIOUS.) EMBOFF ALSO SAID THAT IN RESPONSE TO AN INDO-  
NESIAN REQUEST SEVERAL JAPANESE COMPANIES WOULD SOON  
UNDERTAKE AN INFORMAL INVESTIGATION OF THE POSSIBILITY  
OF ESTABLISHING A TRUCK DIESEL ENGINE FACTORY IN SURABAYA.

7. ON TRADE, GOI RECEIVED ONLY BLAND ASSURANCES THAT  
JAPAN WOULD DO WHAT IT COULD TO PROVIDE GREATER MARKET  
ACCESS. KOMOTO REFUSED TO DISCUSS STABEX, STATING THAT  
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GOJ WAS ALREADY THOROUGHLY FAMILIAR WITH INDONESIA'S  
VIEWS AND THAT THE SUBJECT SHOULD BE DISCUSSED AT THE  
TECHNICAL LEVEL AS HAS BEEN AGREED.

8. EMBOFF ALSO VOLUNTEERED THAT KOMOTO'S COURTESY CALL  
ON SUHARTO LASTED WELL IN EXCESS OF ONE HOUR AND WAS  
TAKEN UP WITH PRESIDENTIAL REQUESTS FOR ASSISTANCE AND  
BY SUHARTO'S EXPLANATION OF RECENT DOMESTIC POLITICAL  
DEVELOPMENTS.  
MASTERS

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TECHNICAL ASSISTANCE, LPG, INDUSTRIAL DEVELOPMENT, MINISTERIAL VISITS, NEGOTIATIONS, INDUSTRIAL PLANTS  
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**Copy:** SINGLE  
**Draft Date:** 10 may 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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